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NSC BRIEFING

4 February 1954

. YUGOSLAVIA'S FOREIGN RELATIONS

- I. Current position.
 - A. Middle-road policy pursued.
 - B. Tito recognizes importance continued ties with West.
- II. Relations with bloc.
 - A. USSR unwilling create acceptable conditions for return to bloc.
 - B. Bloc attempting exploit Yugoslav internal weaknesses.
 - C. Relations, however, being "normalized."
 - D. Yugoslavia has obtained greater freedom of maneuver.
 - 1. Partial normalization economic relations likely.

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III. Relations with West.

A. Continued alignment with West.

1. Balkan Pact planning progressing.
2. Emotional tensions over Trieste easing.
3. Yugoslavs at London Conference will maintain firm position on Trieste.
4. Yugoslav surrender Italian cities in Zone B probably dependent Italian concessions Zone A.

IV. Domestic developments.

A. Djilas affair.

1. May presage return more orthodox line.
2. Created confusion in party, but likely to strengthen it.